



SACHI A. HAMAI
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

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Fourth District

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Fifth District

ADOPTED


BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

November 15, 2016

#16

November 15, 2016

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012


LORI GLASGOW
EXECUTIVE OFFICER

SET: December 13, 2016 @ 9:30 a.m.

Dear Supervisors:

**APPROVE AND ORDER PUBLICATION OF NOTICE OF INTENTION
TO EXERCISE OPTION AND TO PURCHASE AND
ACCEPT TRANSFER OF TITLE TO ACQUIRE REAL PROPERTY
5040 WEST AVENUE M-2, QUARTZ HILL
(FIFTH DISTRICT)
(3 VOTES)**

SUBJECT

Approval of the recommended actions will authorize the exercise of an option to purchase the real property comprised of an approximately 1.61 acre parcel of land together with a 12,514 square foot building with appurtenant parking spaces located at 5040 West Avenue M-2, in the unincorporated area of Quartz Hill (Property) for the use of the Property for public library purposes by the County.

IT IS RECOMMENDED THAT THE BOARD:

1. Approve the attached Notice of Intention to acquire the Property located at 5040 West Avenue M-2, in the unincorporated area of Quartz Hill for a purchase price not to exceed \$10,947,378 plus title and escrow fees of approximately \$10,868.
2. Instruct the Executive Office of the Board of Supervisors to publish the Notice of Intention in accordance with Government Code Section 6063.
3. Set a date for public hearing to receive public comment and consummate the proposed acquisition.

4. Exercise the County's option to purchase an approximately 1.61 acre parcel of land improved with a 12,514 sq. ft. building located at 5040 West Avenue M-2, in the unincorporated area of Quartz Hill from the Seller, Griffin/Swinerton, for a purchase price not to exceed \$10,947,378.

AT THE CONCLUSION OF THE PUBLIC HEARING, IT IS RECOMMENDED THAT THE BOARD:

1. Order the purchase of the Property to be consummated in accordance with Government Code Sections 25350 and 25353.
2. Authorize the Chief Executive Officer or her designee to take all further actions necessary and appropriate to complete the transaction, including opening and management of escrow, any administrative adjustments to the transfer documents, and execution of all of the requisite documentation for the completion of the transfer.
3. Authorize the Auditor-Controller to issue warrants as directed by the Chief Executive Office for the purchase price and any other related transactional costs.
4. Instruct the Assessor's Office to remove the subject property from the tax roll effective upon the transfer of title.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

On May 26, 2015, the County entered into a 3-year lease agreement (Lease) with the property owner, Griffin/Swinerton, for the construction of the new Quartz Hill Public Library (Library). The new Library will replace the existing single-story 3,530 square-foot library with a new, single-story 12,514 square-foot building on a 1.61 acre parcel located at 5040 West Avenue M-2 West, in the unincorporated area of Quartz Hill.

In accordance with the Board-approved actions in May 2015, Griffin/Swinerton would construct the Library property during the three-year Lease term and the County would make three annual rental payments that would be secured and deposited into escrow through the attached, previously Board-approved Escrow Agreement (Agreement). The Agreement called for the County to deposit a total of \$12 million into an escrow account following execution of the Lease, to be used as annual rental payments, or as the purchase price in the event the County exercises its option to purchase the Property.

The Lease states that the County retains the exclusive option to purchase fee simple title and acquire the Property during the Lease term, and that no lease payments would be owed by the County until 90 days after the building is substantially completed and has been accepted by the County. The final purchase price for the Property would be equal to the remaining unpaid and unamortized portion of the total project costs of the project improvements at the date of close of escrow, plus any pre-payment penalties and all closing costs, which both parties agree represents a fair market value for the Property. The maximum purchase price that the County would pay for the Property is \$10,947,378. The purchase price will fall within a range of value that has been determined to be the fair market value by the Chief Executive Office (CEO) Real Estate Division's staff appraiser based on a review of the recent commercial sales data for the area. After performing a financial analysis, the County has determined that it is in its best interest to accept the new Library in the coming weeks prior to beginning the payment of rent.

Upon approval of the recommended actions, the Public Library will complete its review and acceptance of the improvements constructed on the Property that will comprise the new Quartz Hill Public Library, and the Chief Executive Office will exercise the County's option to acquire the Property. The parties will then proceed to close escrow as stated in the attached Escrow Agreement to consummate the transfer of title. The Escrow Agreement will allow the County to use the \$12 million previously deposited into escrow towards the purchase price, order and review all necessary title documents, allow Griffin/Swinerton to satisfy any and all secured debts and liens encumbering title to the Property, and fulfill the County's obligations associated with the acquisition.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Fiscal Sustainability (Goal 2) directs that we strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship. Approving the proposed action is consistent with that goal.

FISCAL IMPACT/FINANCING

The current Lease for the Property is a triple net lease whereby the County is responsible for all utilities, operating, and maintenance costs. The annual rental payments were to have been included in each Fiscal Year's Rent Expense Budget and billed to Public Library, if the County would not have exercised its option to purchase the Property and would have continued to Lease the Property. The Project is fully funded with \$10,619,000 from the Fifth District net County costs and \$1,381,000 net County cost derived from the Public Library Operating Budget. The proposed acquisition of the Property will result in the elimination of these projected Lease costs to Public Library. The operating costs of the Property will be funded through the Public Library's operating budget upon the County becoming the owner of the Property.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

In order to accept the acquisition of the Property, County has authorized completion of a preliminary title report, which reveals no claims or encumbrances that would significantly affect or impair the Property's title. Additionally, as required by Government Code Section 65402, the proposed acquisition was submitted to the County's Department of Regional Planning. Regional Planning has determined that the intended use of the proposed acquisition is in compliance with its General Plan. A Phase I Environmental Assessment was completed and concluded that there is no evidence of recognized environmental conditions to address or mitigate. CEO has satisfactorily completed its due diligence with respect to the acquisition of the Property.

Acceptance of the Property is authorized by Section 25353 of the California Government Code, which allows the Board to acquire real property for use by the County or for County purposes.

ENVIRONMENTAL DOCUMENTATION

On May 26, 2015, acting as lead agency under the California Environmental Quality Act (CEQA), the Board considered and adopted a mitigated negative declaration (MND) for the Quartz Hill Library project, which included construction of a public library and an option to lease the facility, which lease included a purchase option. Accordingly, the proposed exercise of the option to purchase is within the scope of the project under the previously adopted mitigated negative declaration (MND).

Upon the Board's approval of the proposed actions, the CEO will file a Notice of Determination with the County Clerk in accordance with Section 21152(a) of the California Public Resources Code.

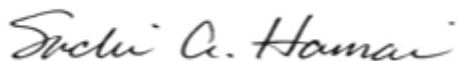
IMPACT ON CURRENT SERVICES (OR PROJECTS)

Following the Board's approval of the recommendations, and the County's acquisition of the Property, the Quartz Hill Library is expected to open and begin providing the local community with improved and expanded public library services in November 2016.

CONCLUSION

It is requested that the Executive Office, Board of Supervisors return the adopted, stamped copy of the Board letter to the Chief Executive Office, Real Estate Division, 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012, for further processing. Additionally, please forward one adopted, stamped copy of the Board letter to Public Library.

Respectfully submitted,



SACHI A. HAMAI

Chief Executive Officer

SAH:DPH:CMM

KW:RH:kb

Enclosures

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Public Library

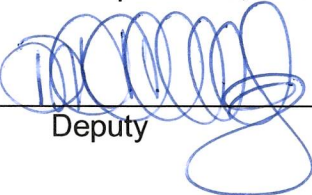
**NOTICE OF INTENTION
TO PURCHASE REAL PROPERTY**

NOTICE IS HEREBY GIVEN that it is the intention of the Board of Supervisors of the County of Los Angeles, State of California to purchase an approximately 1.61 acre parcel of land improved with a 12,514 sq. ft. building (the "Real Property") located at 5040 W. Avenue M-2, in the unincorporated area of Quartz Hill, County of Los Angeles, State of California for the sum of Ten Million Nine Hundred Forty Seven Thousand Three Hundred Seventy Eight and 00/100 Dollars (\$10,947,378) from Griffin/Swinerton (the "Seller"). It is the intent of the County to acquire the Real Property to be used as a public library for County residents. The property to be acquired is legally described in Exhibit "A" attached hereto and incorporated herein by this reference.

NOTICE IS HEREBY GIVEN that the purchase of the Real Property will be consummated by the Board of Supervisors of the County of Los Angeles, State of California, on December 13th, 2016, at 9:30 a.m. in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012. No obligation will arise against the County and in favor of the Seller with respect to the purchase of the Real Property described herein until the Board of Supervisors approves the purchase on the named consummation date.



LORI GLASGOW, Executive Officer
Board of Supervisors, County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

MARY C. WICKHAM
County Counsel

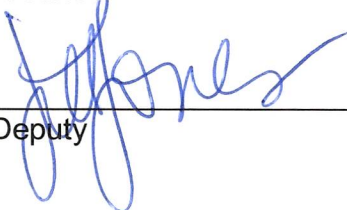
By _____
Deputy

EXHIBIT "A"
PROPERTY LEGAL DESCRIPTION

APN: 3101-013-058

The land referred to herein below is situated in the County of Los Angeles, State of California, and is described as follows:

Parcel 3 and 4 of Parcel Map No: 1150, in the County of Los Angeles, State of California, recorded in Map Book No. 26, Page 44 Filed in the Office of the County Recorder of said County.

Also the Northerly 340 Feet of Lot 52 of Tract Map No. 11760, in the County of Los Angeles, State of California, Recorded In Map Book No. 216 Pages 1, 2, 3, & 4. filed in the Office of the County Recorder of said County.

Said land is also described as Lot 1 in that certain and by Certificate of Compliance for Lot Line Adjustment, Cc No. 101,163, a Certified Copy of which is recorded September 16, 1992, as Instrument No. 92-1722234, of Official Records.

ESCROW AGREEMENT

by and between the

COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of May 26, 2015

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement"), executed and entered into as of May 26, 2015, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, as escrow agent (the "Escrow Agent").

RECITALS

WHEREAS, the County and Griffin/Swinerton, a joint venture (the "Lessor") have entered into an Option to Lease and Design Agreement, dated August 19, 2014 (the "Option Contract") and Lease Agreement, dated of even date herewith (the "Lease"), pursuant to which the Lessor will construct a library (the "Premises") on the property commonly known as 5040 West Avenue M-2, Lancaster, California and County will lease the Premises and has an option to purchase the Premises from the Lessor; and

WHEREAS, the County has elected to deposit \$12,000,000 into an escrow account to secure the County's payment obligations under the Lease, and to use such deposit solely and exclusively for the purpose of making lease payments and/or to exercise the option to purchase under the Lease; and

WHEREAS, the County's obligation to make lease payments under the Lease is not limited by the amount of funds on deposit pursuant to this Escrow Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the County and the Escrow Agent agree as follows:

Section 1. The Escrow Fund. (a) There is hereby established a fund (the "Escrow Fund") to be held as an irrevocably pledged escrow by the Escrow Agent, which the Escrow Agent shall keep separate and apart from all other funds of the County and the Escrow Agent and to be applied solely as provided in this Escrow Agreement. Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged and assigned solely and exclusively to the County's payment obligations under the Lease.

(b) There shall be deposited in the Escrow Fund \$12,000,000 received from the County by wire transfer in immediately available funds to Escrow Agent within five business days of executing this Escrow Agreement.

Section 2. Use and Investment of Moneys. (a) Except as otherwise provided herein, any moneys held by the Escrow Agent shall be invested by the Escrow Agent upon the Written Request of the County, received at least two Business Days prior to the investment date, only in Permitted Investments as described in Exhibit A, and in the absence of such direction shall be invested by the Escrow Agent in a U.S. Bank Money Market Deposit Account. The U.S. Bank Money Market Deposit Account is an interest-bearing money market deposit account designed to meet the needs of Escrow Agent's escrow group and other corporate trust customers of Escrow Agent. Selection of this investment includes authorization to place funds on deposit with Escrow Agent. Escrow Agent uses the daily balance method to calculate interest on this account (actual/365 or 366). This method applies a daily periodic rate to the principal balance in the

account each day. Interest is accrued daily and credited monthly to the account. Interest rates currently offered on the accounts are determined at Escrow Agent's discretion and may be tiered by customer deposit amount. The owner of the account is Escrow Agent as agent for its trust customers. Escrow Agent's trust department performs all account deposits and withdrawals. Each customer's deposit is insured by the Federal Deposit Insurance Corporation ("FDIC") as determined under FDIC regulations, up to applicable FDIC limits.

Section 3. The Escrow Agent may act as principal or agent in the acquisition or disposition of any such investment. The Escrow Agent shall not be liable or responsible for any loss suffered in connection with any such investment made by it under the terms of and in accordance with this Section. The Escrow Agent shall sell or present for redemption any obligations so purchased whenever it shall be necessary in order to provide moneys to meet any payment of the funds so invested, and the Escrow Agent shall not be liable or responsible for any losses resulting from any such investment sold or presented for redemption. Permitted Investments that are registerable securities shall be registered in the name of the Escrow Agent.

(a) Investments (except investment agreements) shall be valued, exclusive of accrued interest not less often than annually nor more often than monthly. All investments of amounts deposited in any fund or account established hereunder shall be valued at the market value thereof.

(b) Any interest or profits received with respect to investments held in any of the funds or accounts established under this Escrow Agreement Indenture shall be retained therein.

(c) The County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, to the extent permitted by law, the County specifically waives receipt of such confirmations. The Escrow Agent shall furnish the County periodic transaction statements that include detail for all investment transactions made by the Escrow Agent hereunder.

Section 4. Disbursements. The moneys in the Escrow Fund shall be used and withdrawn by the Escrow Agent to satisfy the payment obligations established under the Lease (including without limitation payment for County Requested Change Orders as defined in the Lease) following submission to the Escrow Agent of a Written Request of the County substantially in the form attached hereto as Exhibit B. Upon receipt of each such Written Request of the County, the Escrow Agent shall pay the amount set forth in such Written Request of the County to the Lessor as directed by the terms thereof. To the extent that no such Written Request of the County is received within five business days of any lease payment date established under the Lease, the Escrow Agent shall immediately disburse to the Lessor the amount due on such lease payment date, in accordance with the Base Rental Payment Schedule Attached as Exhibit C hereto, without any action necessary by the County. Escrow Agent shall fulfill the obligation to disburse the moneys in the Escrow Fund as provided in this Section 3 notwithstanding any conflicting instructions received by the Escrow Agent from the County. Upon payment of the Lease in full, either at the end of the Lease term or following the County's

exercise of the purchase option, the Escrow Agent will disburse all remaining funds to the County.

Section 5. Performance of Duties. The Escrow Agent agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it.

Section 6. Escrow Agent's Authority to Make Investments. The Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement except as provided in Section 3 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

Section 7. Indemnity. To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent (which term shall include its officers, directors, employees, agents and affiliates) from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof, any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or the Escrow Agent's enforcement of its rights under this Section 7; provided, however, that the County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 8. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Fund, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any act, omission or error of the Escrow Agent made in good faith in the conduct of its duties except for the Escrow Agent's gross negligence or willful misconduct. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement

except to the extent that a court of competent jurisdiction finally determines that Escrow Agent's negligence or willful misconduct directly caused a loss to the County. The duties and obligations of the Escrow Agent, none of which are discretionary or fiduciary in nature, shall be determined by the express provisions of this Escrow Agreement and none shall be implied. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the advice of such counsel shall have full and complete authorization, protection and indemnification in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter may be deemed to be conclusively established by a written certification of the County. In no event shall Escrow Agent be liable for incidental, indirect, special, consequential or punitive damages or penalties (including, but not limited to lost profits), even if the Escrow Agent has been advised of the likelihood of such damages or penalty and regardless of the form of action. Escrow Agent shall not be responsible for delays or failures in performance resulting from acts beyond its control, including without limitation acts of God, strikes, lockouts, riots, acts of war or terror, epidemics, governmental regulations, fire, communication line failures, computer viruses, power failures, earthquakes or other disasters. Escrow Agent shall not be obligated to take any legal action or commence any proceeding in connection with the Escrow Fund, this Escrow Agreement or the Lease, or to appear in, prosecute or defend any such legal action or proceeding.

Section 9. Amendments; Termination. The County and the Escrow Agent shall not amend or terminate this Escrow Agreement (except as provided in Section 9 or in connection with a default hereunder as permitted by this Agreement or applicable law) or enter into agreements supplemental to this Escrow Agreement without the prior written consent of Lessor (or any lender of Lessor), which may be withheld in its sole discretion.

Section 10. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the Lease has been paid in full and all funds remaining in the Escrow Fund have been disbursed to the County.

Section 11. Compensation. In accordance with the fee schedule attached hereto as Exhibit D, the County shall from time to time pay or cause to be paid to the Escrow Agent the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Agent for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement; provided, however, that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled due to actions by one or more parties other than the Escrow Agent, or the Escrow Agent renders any service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement or the subject matter hereof (other than by reason of the Escrow Agent's gross negligence or willful misconduct), then

the Escrow Agent shall be compensated for such extraordinary services and reimbursed for all costs and expenses, including reasonable attorneys' fees and expenses, occasioned by any such delay, controversy, litigation or event."

Section 12. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 13. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 14. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

Section 15. Assignment. The parties acknowledge that Lessor has assigned any right, title, and interest it may possess in this Escrow Agreement to City National Bank, a national banking association ("Lender") as additional collateral for a construction loan secured by the Premises. Upon receipt by Escrow Agent of written notice from Lender of the occurrence of an event of default under the loan documents evidencing such loan, all payments, to the extent that they may become payable directly to Lessor hereunder by virtue of its rights under Sections 3 or 15 hereof, shall be paid to Lender pursuant to this instruction, notwithstanding any conflicting instruction from any party, provided that this instruction shall not be used to accelerate any payments due under the Lease or this Escrow Agreement and the funds held by the Escrow Agent may be disbursed only to make Lease payments and to pay for County Requested Change orders, as permitted by Section 3 hereof. Lessor hereby agrees to indemnify and defend the other parties from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against the other parties arising from the immediately preceding sentence. Lessor hereby consents to the assignment of this Escrow Agreement to Lender and to the payment of the Escrow Funds to the Lender as provided in this Section 14.

Section 16. Third-Party Beneficiaries. Lessor and Lender (including their successors and assigns) are third party beneficiaries of this Escrow Agreement, and may enforce the terms of this Escrow Agreement. Except for Lessor and Lender, there are no third-party beneficiaries of this Escrow Agreement.

Section 17. Dealings. The Escrow Agent and any stockholder, director, officer or employee of the Escrow Agent may buy, sell, and deal in any of the securities of the County and become pecuniarily interested in any transaction in which the County may be interested, and contract and lend money to the County and otherwise act as fully and freely as though it were not Escrow Agent under this Escrow Agreement. Nothing herein shall preclude the Escrow Agent from acting in any other capacity for the County or any other person or entity.

Section 18. Resignation or Removal of Escrow Agent. Escrow Agent may resign and be discharged from the performance of its duties hereunder at any time by giving thirty (30) days prior written notice to the County, Lessor, and Lender specifying a date when such resignation shall take effect and after such specified date, notwithstanding any other provision of this Escrow Agreement, Escrow Agent's sole obligation will be to hold the Escrow Fund pending appointment of a successor Escrow Agent satisfactory to Lender (the "Successor Agent"). The Escrow Agent may be removed at any time by the County giving thirty (30) days prior written notice to Escrow Agent, Lessor, and Lender specifying the date when such removal shall take effect; provided that if the Escrow Agent has suspended performance under this Escrow Agreement, the County shall have the right to terminate the Escrow Agent immediately upon delivery of written notice to the Escrow Agent, Lessor, and Lender. The County shall promptly appoint the Successor Agent. Notwithstanding the provisions of this Section 18, no such removal or resignation shall take effect prior to the date that the Successor Agent has been appointed by the County and such appointment has been accepted by the Successor Agent. The Escrow Agent shall have the right to petition a court of competent jurisdiction to appoint the Successor Agent if (x) following 60 days' written notice to the County, Lessor, and Lender of non-payment of the fees and expenses of the Escrow Agent (written notice being defined for purposes of this subsection (x) as a minimum of three attempts to notify the Chief Executive Officer of the County via United States Certified Mail), (y) the County has not appointed the Successor Agent within 60 days of the effective date of the resignation or removal specified in the notices provide for under this section 18, or (z) due to an order, decree or injunction of any court of competent jurisdiction, or law, order, ruling, regulation or official statement by any governmental agency or governing or regulatory body having jurisdiction over the Escrow Agent, the Escrow Agent can no longer perform its duties under this Escrow Agreement without violating applicable laws, orders, rulings or regulations. The retiring Escrow Agent shall transmit all records pertaining to the Escrow Fund and shall pay the Escrow Fund to the Successor Agent, after making copies of such records as the retiring Escrow Agent deems advisable and after deduction and payment to the retiring Escrow Agent of all fees and expenses (including court costs and attorneys' fees) payable to, incurred by, or expected to be incurred by the retiring Escrow Agent in connection with the performance of its duties and the exercise of its rights hereunder. After any retiring Escrow Agent's resignation or removal, the provisions of this Escrow Agreement shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Escrow Agent under this Escrow Agreement. Notwithstanding anything to the contrary herein, the County and the Successor Agent shall enter into a new escrow agreement substantially in the same form as this Agreement and otherwise approved by Lender.

Section 19. Patriot Act. The parties acknowledge that, (a) to help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, (b) escrow agent is entitled to consider each party to this escrow agreement and each signatory hereto as having "opened an account" for such purpose, (c) for each such non-individual person, escrow agent may ask for documentation to verify the formation and existence of such legal entity and (d) escrow agent may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent any such entity or other relevant documentation reasonably requested by escrow agent.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

COUNTY OF LOS ANGELES

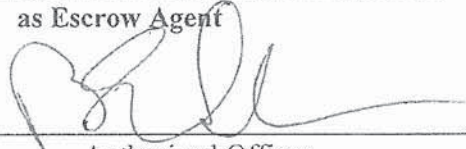
By: _____

ACKNOWLEDGED BY AND AGREED
TO:

GRIFFIN/SWINERTON, a joint venture

By: Mark G. Hoglund
MARK G. HOGLUND
Member, Management Committee

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: 
Authorized Officer

COUNTY OF LOS ANGELES

By: _____

ACKNOWLEDGED BY AND AGREED
TO:

GRIFFIN/SWINERTON, a joint venture

By: _____

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

COUNTY OF LOS ANGELES

By: Joseph Kelly

ACKNOWLEDGED BY AND AGREED
TO:

GRIFFIN/SWINERTON, a joint venture

By: _____

EXHIBIT A

PERMITTED INVESTMENTS

“Permitted Investments” means any of the following to the extent then permitted by the general laws of the State of California applicable to investments by counties:

(1) (a) Direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America (“United States Treasury Obligations”), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively “United States Obligations”). These include, but are not necessarily limited to:

- U.S. Treasury obligations
All direct or fully guaranteed obligations
- Farmers Home Administration
Certificates of beneficial ownership
- General Services Administration
Participation certificates
- U.S. Maritime Administration
Guaranteed Title XI financing
- Small Business Administration
Guaranteed participation certificates
- Guaranteed pool certificates
- Government National Mortgage Association (GNMA)
GNMA-guaranteed mortgage-backed securities
GNMA-guaranteed participation certificates
- U.S. Department of Housing & Urban Development
Local authority bonds

(2) Obligations of instrumentalities or agencies of the United States of America limited to the following: (a) the Federal Home Loan Bank Board (“FHLB”); (b) the Federal Home Loan Mortgage Corporation (“FHLMC”); (c) the Federal National Mortgage Association (FNMA); (d) Federal Farm Credit Bank (“FFCB”); (e) Government National Mortgage Association (“GNMA”); (f) Student Loan Marketing Association (“SLMA”); and (g) guaranteed portions of Small Business Administration (“SBA”) notes.

(3) Commercial Paper having original maturities of not more than 270 days, payable in the United States of America and issued by corporations that are organized and operating in the United States with total assets in excess of \$500 million and having "A" or better rating for the issuer's long-term debt as provided by Moody's, S&P, or Fitch and "P-1", "A-1", "F1" or better rating for the issuer's short-term debt as provided by Moody's, S&P, or Fitch, respectively.

(4) The Los Angeles County Treasury Pool.

(5) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as "bankers' acceptances," having original maturities of not more than 180 days. The institution must have a minimum short-term debt rating of "A-1", "P-1", or "F1" by S&P, Moody's, or Fitch, respectively, and a long-term debt rating of no less than "A" by S&P, Moody's, or Fitch.

(6) Shares of beneficial interest issued by diversified management companies, known as money market funds, registered with the U.S. Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and whose fund has received the highest possible rating from S&P and at least one other Rating Agency.

(7) Certificates of deposit issued by a nationally- or state-chartered bank or a state or federal association (as defined by Section 5102 of the California Financial Code) or by a state-licensed branch of a foreign bank, in each case which has, or which is a subsidiary of a parent company which has, obligations outstanding having a rating in the "A" category or better from S&P, Moody's, or Fitch.

(8) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

(9) Repurchase agreements which have a maximum maturity of 30 days and are fully secured at or greater than 102% of the market value plus accrued interest by obligations of the United States Government, its agencies and instrumentalities, in accordance with number (ii) above.

(10) Investment agreements and guaranteed investment contracts with issuers having a long-term debt rating of at least "AA-" or "Aa3" by S&P or Moody's, respectively.

EXHIBIT B

FORM OF DISBURSEMENT REQUEST

[LETTERHEAD OF LOS ANGELES COUNTY CHIEF EXECUTIVE OFFICE]

_____, 20__

U.S. Bank National Association
633 W. Fifth Street, 24th Floor
Los Angeles, CA 90071
Attention: [Bradley Scarbrough]

Re: QUARTZ HILL LIBRARY PROJECT (5040 WEST AVENUE M-2, LANCASTER, CALIFORNIA)

WRITTEN REQUEST NO. __ FOR DISBURSEMENTS FROM ACCOUNT NO. _____ OF THE ESCROW FUND

Dear _____:

In accordance with the terms of the Escrow Agreement, dated as of [June 1, 2015] (the "Escrow Agreement"), by and between the County of Los Angeles, a political subdivision of the State of California (the "County") and you, as Escrow Agent, you are hereby authorized and requested to make immediate disbursement of funds held by you for the County's payment obligations, including without limitation payment for County Requested Change Orders, under the Lease as set forth herein.

In this regard, the undersigned hereby states and certifies:

(a) that the undersigned is the duly appointed, qualified and acting _____ of the County, and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(b) that you, as Escrow Agent, are hereby requested to disburse from Account No. _____ of the Escrow Fund, established pursuant to the Escrow Agreement, to the payee(s) set forth below, the amount(s) set forth below, for payment of such costs identified below; and

(c) that an invoice for each item of cost identified below is attached hereto.

Payee Name: _____
Payee Address: _____

Amount: _____
Purpose: _____

Capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Escrow Agreement.

Sincerely,

Sachi A. Hamai
Interim Chief Executive Officer
County of Los Angeles

Capital Projects/Debt Management

By: _____

Name: _____

Title: _____

EXHIBIT C

Purchase Date	Purchase Price	Lease Payment
30 days after Rent Commencement	10,850,532.00	
60 days after Rent Commencement	10,788,636.40	
90 days after Rent Commencement	10,818,350.33	(calculated prior to making scheduled annual lease payment)
120 days after Rent Commencement	7,124,817.96	3,644,172.23
150 days after Rent Commencement	7,145,074.42	
180 days after Rent Commencement	7,163,370.58	
210 days after Rent Commencement	7,183,627.05	
240 days after Rent Commencement	7,203,230.08	
270 days after Rent Commencement	7,223,486.54	
300 days after Rent Commencement	7,243,089.57	
330 days after Rent Commencement	7,263,346.03	
1 year after Rent Commencement	7,283,602.49	
1 year and 30 days after Rent Commencement	7,303,205.52	(calculated prior to making scheduled annual lease payment)
1 year and 60 days after Rent Commencement	3,567,958.00	3,644,172.23
1 year and 90 days after Rent Commencement	3,577,880.39	
1 year and 120 days after Rent Commencement	3,588,133.52	
1 year and 150 days after Rent Commencement	3,598,386.65	
1 year and 180 days after Rent Commencement	3,607,647.54	
1 year and 210 days after Rent Commencement	3,617,900.67	
1 year and 240 days after Rent Commencement	3,593,568.09	
1 year and 270 days after Rent Commencement	3,603,821.22	
1 year and 300 days after Rent Commencement	3,613,743.60	
1 year and 330 days after Rent Commencement	3,623,996.73	
2 years after Rent Commencement	3,634,249.87	
2 years and 30 days after Rent Commencement	3,644,172.25	(calculated prior to making scheduled annual lease payment)
		3,644,172.23

EXHIBIT D

FEE SCHEDULE

Institution Name and Address: U.S. Bank National Association 633 W. Fifth Street, 24 th Floor Los Angeles, CA 90071
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Upfront Fees		Annual Fees ¹	
Acceptance Fee: \$500.00		Administrative Fee: \$700.00 (payable annually in advance)	
Out of Pocket Expenses (not to exceed): \$0.00		Investment Maintenance Fees: \$300.00	
Estimated Total Up-Front Fees: \$500.00		Estimated Total Annual Fees: \$1,000.00	

¹ Annual fees must remain valid for the entire time period the bonds remain outstanding